

assistance of counsel and be approved by the contracting director.

### **Subpart 516.5—Indefinite-Delivery Contracts**

#### **516.505 Contract clauses.**

(a) The contracting officer shall insert the clause at 552.216-73, Placement of Order, in solicitations and contracts for stock or special order program items when the contract authorizes FSS and other agencies to issue delivery orders. If only FSS will issue delivery orders under any of its supply programs, use Alternate I. If a Federal Supply Schedule contract (single or multiple award) permits other agencies to issue delivery orders, use Alternate II.

(b) The contracting officer shall insert the provision at 552.216-74, Ordering Information, in solicitations for stock items and in other Federal Supply Service solicitations when the clause at 552.216-73 is prescribed. Insert 552.216-74 Alternate I when 552.216-73 Alternate I is prescribed. Insert 552.216-74 Alternate II when 552.216-73 Alternate II is prescribed.

[59 FR 32384, June 23, 1994]

### **Subpart 516.6—Time-and-Material, Labor-Hour, and Letter Contracts**

#### **516.603 Letter contracts.**

##### **516.603-3 Limitations.**

(a) When acquiring architect-engineer (A-E) services the proposed A-E must provide a price proposal for the non-design effort to be performed under the contract before the letter contract is awarded. The letter contract must:

(1) Not authorize the A-E to begin the design effort. The scope of the letter contract may include the design effort but the letter contract may only authorize the A-E to perform those services that are independent of the design effort (e.g., feasibility studies, existing facility surveys or site investigation, etc.) before the letter contract is definitized.

(2) Include a definitization schedule that outlines dates for submission of the design fee proposal, start of negotiations, and definitization. The sched-

ule must provide for definitization of the contract within 90 days after the date of the letter contract instead of 180 days as outlined in FAR 16.603-2(c).

(3) Limit the Government's liability to the amount necessary for the non-design effort to be performed under the contract by inserting that amount in the clause at FAR 52.216-24, Limitation of Government Liability.

(b) If the contracting officer must issue a unilateral price decision for an A-E contract under FAR 16.603-2(c), the maximum contract amount must not exceed a reasonable price for the excludable items plus the 6 percent statutory fee limitation for the project.

### **PART 517—SPECIAL CONTRACTING METHODS**

#### **Subpart 517.1—Multiyear Contracting**

Sec.

517.105 Solicitation provisions and contract clauses.

##### **Subpart 517.2—Options**

517.200 Scope of subpart.

517.202 Use of options.

517.203 Solicitations.

517.204 Contracts.

517.207 Exercise of options.

517.208 Solicitation provisions and contract clauses.

AUTHORITY: 40 U.S.C. 486(c).

SOURCE: 54 FR 26527, June 23, 1989, unless otherwise noted.

#### **Subpart 517.1—Multiyear Contracting**

##### **517.105 Solicitation provisions and contract clauses.**

Inclusion of FAR clauses 52.217-1, Limitations of Price and Contractor Obligations, and 52.217-2, Cancellation of Items, is not required for multiyear contracts authorized by the Federal Property and Administrative Services Act for maintenance and repair of fixed equipment in Federally-owned buildings and utility services.

##### **Subpart 517.2—Options**

##### **517.200 Scope of subpart.**

This subpart prescribes policies and procedures for the use and exercise of

options. When a requirement in this subpart is inconsistent with FAR 17.2, this subpart takes precedence. When a requirement of this subpart is inconsistent with GSAR 536.6, the latter subpart takes precedence. A class deviation from the FAR has been approved to implement GSA's Quality Contractor Program. This subpart applies to contracts including those for (a) services involving the construction, alteration, or repair (including dredging, excavating, and painting) of buildings, bridges, roads, or other kinds of real property; (b) architect-engineer services; (c) automatic data processing (ADP) equipment and systems; and (d) telecommunications equipment and services.

[57 FR 59939, Dec. 17, 1992]

#### **517.202 Use of options.**

(a) The inclusion of options in contracts under appropriate circumstances is encouraged. The use of options may reduce procurement lead time and associated costs, ensure continuity of contract support, improve overall contractor performance, and facilitate longer term contractual relationships with those contractors that continuously meet or exceed quality performance expectations outlined in the contract.

(b) Inclusion of an option is normally in the Government's interest where—

(1) Additional supplies or services may be required during the contract term;

(2) Additional supplies or services may be required beyond the initial contract term and either multiyear contracting authority is not available or its use is inappropriate;

(3) There is a need for continuity of supply or services support;

(4) Funds are not available for the entirety of the Government's needs, but are likely to become available during the contract term; or

(5) The contract is with an emerging small business with minimal performance history in the contract supply or service and the basic quantity is intended to be a learning or testing quantity.

(c) Inclusion of an option may not be appropriate where the circumstances described in FAR 17.202(b)(2) and

17.202(c) (1) and (3) exist or where the market prices for the supplies or services are likely to change substantially and an economic price adjustment clause will not adequately protect the Government's interests.

[57 FR 59939, Dec. 17, 1992]

#### **517.203 Solicitations.**

Solicitations containing options to extend (see FAR 17.208 (f) and (g)) should normally inform offerors of the potential for entering into a long term contractual relationship with the GSA subject to a continuing need and the successful offeror's ability to perform at levels which meet or exceed the agency's quality performance expectations.

[57 FR 59939, Dec. 17, 1992]

#### **517.204 Contracts.**

The head of the contracting activity must approve exceeding the 5-year limitations specified in FAR 17.204(e) for individual contracts. The Associate Administrator for Acquisition Policy must approve requests to exceed the limitations for classes of contracts. The contract file for individual approvals and the requests for approval of classes of contracts must support the need to exceed the 5-year limitation. This section does not apply to contracts for automatic data processing (ADP) equipment and systems or to contracts for telecommunications equipment and services.

[57 FR 59939, Dec. 17, 1992]

#### **517.207 Exercise of options.**

(a) If the option was not evaluated as part of the original competition, a synopsis of the option before it is exercised is required unless exempt under FAR 5.202.

(b) In addition to the items listed in FAR 17.207(d), the contracting officer may consider whether the contractor's performance under the contract has met or exceeded the Government's expectation for quality performance, or whether another circumstance exists that would warrant an extended contractual relationship when deciding whether to exercise an option. The contracting officer must always determine